



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

**Department Name:** Community Services  
Department  
**Department No.:** 055  
**For Agenda Of:** March 12, 2019  
**Placement:** Administrative  
**Estimated Time:** N/A  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors

**FROM:** Department George Chapjian, Community Services Director  
Director(s) (805) 568-2467

Contact Info: Ashley Watkins, Co-Division Chief, Sustainability Division  
(805) 568-3514

**SUBJECT:** Fifth Amendment to emPower Funding Agreement

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**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Other Concurrence:**

As to form: Yes

**Recommended Actions:** That the Board of Supervisors:

- A. Approve and authorize the Chair of the Board to execute the Fifth Amendment to the Agreement to Deliver the 2013-2014 County of Santa Barbara emPower Energy Efficiency Program (“emPower Funding Fifth Amendment”) between the County of Santa Barbara and Southern California Gas Company (“SoCalGas”) (Attachment A); and
- B. Determine that the above recommended actions are not the approval of a project that is subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(4), finding that the project is a creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

**Summary Text:**

This item is on the agenda in order to execute the emPower Funding Fifth Amendment (Attachment A). The emPower Central Coast program ceased offering program services on December 31, 2018, and administrative activities will conclude on March 31, 2019. Proposed amendments will allow the County

to retain remaining program funds in reserve operating accounts at CoastHills Credit Union once any outstanding consumer loans backed by these funds have been repaid by the consumer borrowers.

Staff recommends approval and authorization of the recommended actions so that the Sustainability Division can retain any remaining funds for future energy programs and activities.

**Background:**

The emPower Central Coast (emPower) residential energy efficiency program was launched in 2011 with funding from the Department of Energy (DOE). Subsequently, program operations were primarily supported with ratepayer funding received from Southern California Gas Company (SoCalGas). The program was extended and received additional funds each calendar year from 2013 to 2018.

A primary component of the emPower program was to provide financing for residential energy efficiency projects through CoastHills Credit Union (CoastHills). A portion of the funding received from SoCalGas was placed in reserve operating accounts at CoastHills. These funds serve as protection against possible loan defaults; allowing CoastHills to recover ninety percent of the outstanding principal amount of a loan in the case of a default. This arrangement, known as a loan loss reserve model, made it possible for CoastHills to offer more attractive rates and terms to emPower customers by reducing the risks to CoastHills if a customer defaults.

On July 26, 2018, SoCalGas notified the County that it would be discontinuing funding for the emPower program. The primary reasons for program discontinuation were the launch of the Residential Energy Efficiency Loan (REEL) program, offered through a partnership between state agencies and Investor Owned Utilities, which is similar to the emPower program, as well as lower than expected emPower loan volume. emPower program services ended on December 31, 2018, and administrative activities will conclude on March 31, 2019.

As of December 31, 2018, there were approximately 57 loans outstanding in the amount of \$847,727. These loans have remaining terms that range from four to fifteen years. As these loans are repaid, funds no longer required to support the loans in case of a default will no longer need to remain in the reserve operating accounts. As currently stated in the emPower Funding Agreement, without this amendment any unexpended funds in the reserve operating accounts would be returned to SoCalGas once outstanding loans have been repaid. However, SoCalGas has agreed to allow the County to retain any remaining funds as long as they are used for energy programs and activities. As a result, the existing SoCalGas agreement requires amendment to reflect these changes.

**Fiscal and Facilities Impacts:**

This amendment would allow the County to retain any remaining reserve operating account funds once loans have been repaid. This could be as much as \$42,386 but may not be fully accessible for up to 15 years. The County would continue to monitor the reserve accounts at CoastHills but would not be required to provide any reporting to SoCalGas. The Sustainability Division is also required to monitor loans supported by DOE funding. Monitoring SoCalGas supported loans will require limited staff time which can be covered by DOE funding. The County is not liable for defaults that would exceed the existing reserve operating account balances.

**Budgeted:**

Yes

**Staffing Impacts:**

None

**Special Instructions:**

Please send two copies of the signed Amendment with wet signatures and the minute order to Ashley Watkins.

**Attachments:**

Attachment A: emPower Funding Fifth Amendment

**Authored by:**

Ashley Watkins, Co-Division Chief, Sustainability Division

Roc Lowry, Contract and Fiscal Lead, Sustainability Division